

COMMONWEALTH OF KENTUCKY
BEFORE THE ENERGY REGULATORY COMMISSION

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In the Matter of

THE ADJUSTMENT OF RATES OF)	
FARMERS RURAL ELECTRIC)	
COOPERATIVE CORPORATION OF)	CASE NO. 8000
GLASGOW, KENTUCKY)	

O R D E R

IT IS ORDERED that Farmers Rural Electric Cooperative Corporation shall file with this Commission by December 29, 1980, the following information. Where a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Page 2 of 5. Careful attention should be given to copied material to insure that it is legible.

Staff Request No. 1

1. In comparative form, an income statement, a statement of changes in financial position, and a balance sheet for the test year and the twelve month period immediately preceding the test year.
2. The detailed workpapers showing calculations supporting all accounting, pro forma, end-of-period, and proposed rate adjustments in the application, to expense, investment, and reserve accounts for the test year. Include a detailed narrative explanation of each adjustment and the reason why each adjustment is required. Explain all components used in each calculation and index each calculation to the adjustment which it supports.
3. A schedule of salaries and wages for the test year and each of the five calendar years preceding the test year as shown in Format 1, attached.
4. A detailed analysis of advertising expenditures during the test period. This analysis should include a breakdown of Account 913 - Advertising Expenses, as shown in Format 2 attached and should also show any advertising expenditures included in other expense accounts. The analysis should be specific as to the purpose and expected benefit of each expenditure.

5. An analysis of Account 930 - Miscellaneous General Expenses, for the test period. This should include a complete breakdown of this account as shown in attached Format 3, and also provide all detailed working papers supporting this analysis. At minimum, the work papers should show the date, vendor, reference (i.e. voucher no., etc.), dollar amount, and brief description of each expenditure.

6. A detailed analysis of contributions for charitable and political purposes (in cash or services). This analysis should indicate the amount of the expenditure, the recipient of the contribution, and the specific account charged.

7. A copy of the auditor's report from your most recent audit.

8. Provide the utility's Times Interest Earned Ratio and Debt Service Coverage Ratio, as calculated by the Rural Electrification Administration, for the test year and the five preceding calendar years. Include the data used to calculate each ratio.

9. Provide details of the utility's policies regarding assignment, accumulation, and disbursement of patronage capital.

10. A breakdown of the following balance sheet accounts as of the end of the test year:

- (a) Investments in Associated Organizations - Patronage
- (b) Investments in Associated Organizations - Other
- (c) Other Current Liabilities
- (d) Deferred Credits

11. What was the date of the most recent depreciation study of the utility? When is the next planned study?

12. What were the findings and recommendations of the last study and when were they implemented?

13. Provide an analysis of the depreciation expense that was charged to clearing accounts during the test year, including the items of plant involved, the accounts charged, and the basis for the allocations.

14. Provide schedules of plant-in-service for the three most recent calendar years in the format used in the utility's Exhibit 11. Show end-of-year balances, the depreciation rates in effect, and the annual depreciation for each plant account..

15. Provide a breakdown of transportation equipment and the basis of the computation of depreciation rates for each type of equipment.


16. Provide a detailed explanation and analysis of the increased cost for on-line billing including a breakdown of the total actual cost incurred during the test period.

17. Provide a schedule of interest payments during the test year on each note.

18. Provide a detailed analysis of Account 908, Customer Assistance Expense during the test period.

Done at Frankfort, Kentucky, this 10th day of December, 1980.

ENERGY REGULATORY COMMISSION


Chairman


Vice Chairman

Commissioner

ATTEST:

Secretary

Farmers Rural Electric Cooperative Corporation

Case No. 8000

ANALYSIS OF SALARIES AND WAGES

For the Calendar Years 19 75 Through 19 79

And the 12-Month Period Ending July 31, 1980

(000's)

Line No.	Item (a)	12 Months Ended										Test Year
		Calendar Years Prior to Test Year										
		5th		4th		3rd		2nd		1st		
Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	
(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	

1. Wages charged to expense:
2. Power production expenses
3. Transmission expenses
4. Distribution expenses
5. Customer accounts expense
6. Sales expenses
7. Administrative and general expenses:
 - (a) Administrative and general salaries
 - (b) Office supplies and expense
 - (c) Administrative expense transferred-cr.
 - (d) Outside services employed
 - (e) Property insurance
 - (f) Injuries and damages

Farmers Rural Electric Cooperative Corporation

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Line No.	Item (a)	12 Months Ended											Test Year
		Calendar Years Prior to Test Year											
		5th	4th	3rd	2nd	1st	Amount						
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
		(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)

7. Administrative and general expenses (continued):

- (g) Employee pensions and benefits
- (h) Franchise requirements
- (i) Regulatory commission expense
- (j) Duplicate charges-cr.
- (k) Miscellaneous general expense
- (l) Rents
- (m) Maintenance of general plant

8. Total administrative and general expenses L7(a) through L7 (m)

9. Total salaries and wages charged expense (L2 through L6 + L8)

10. Wages capitalized

11. Total of salaries and wages

12. Ratio of salaries and wages charged expense to total wages (L9 ÷ L11)

13. Ratio of salaries and wages capitalized to total wages (L10 ÷ L11)

NOTE: Show percent increase of each year over the prior year in Columns (c), (e), (g), (i), (k), and (m).

Farmers Rural Electric Cooperative Corporation

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ACCOUNT 913 - ADVERTISING EXPENSE

For the 12 Months Ended July 31, 1980

(Total Company)

(000's)

<u>Line No.</u>	<u>Item</u> (a)	<u>Sales or Promotional Advertising</u> (b)	<u>Institutional Advertising</u> (c)	<u>Conservation Advertising</u> (d)	<u>Rate Case</u> (e)	<u>Total</u> (f)
1.	Newspaper					
2.	Magazines and Other					
3.	Television					
4.	Radio					
5.	Direct Mail					
7.	Sales Aids					
8.	Total					
9.	Amount Assigned to Kentucky Retail					

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ACCOUNT 930.d MISCELLANEOUS GENERAL EXPENSES

For the 12 Months Ended July 31, 1980

<u>Line No.</u>	<u>Item (a)</u>	<u>Amount (b)</u>
1.	Industry Association Dues	
2.	Institutional Advertising	
3.	Conservation Advertising	
4.	Rate Department Load Studies	
5.	Water, and Other Testing and Research	
6.	Directors' Fees and Expenses	
7.	Dues and Subscriptions	
8.	Miscellaneous	
9.	Total	